

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 USIE-00 EB-07 OMB-01 IO-10 SAM-01

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 4331

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMCONSUL OPORTO

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

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DIA WASHDC

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5547

E.O. 11652: XGDS-4

TAGS: PINT PO

SUBJ: THE NEW GOVERNMENT: AN ASSESSMENT

REF: LISBON 5544 DTG 192307Z

SUMMARY: THE AZEVEDO GOVERNMENT MARKS A SHARP BREAK
WITH GONCALVES' ACCELERATING SLIDE TO THE LEFT AND A STINGING
DEFEAT FOR THE COMMUNISTS. OVERWHELMINGLY DEMOCRATIC
ORIENTATION AND PRAGMATIC ECONOMIC OUTLOOK OF NEW
MINISTERS AND PROPOSED SUB-CABINET MEMBERS WILL GIVE NEW
GOVERNMENT AT LEAST A FIGHTING CHANCE IN GETTING TO FEBRUARY
ELECTIONS. ANTUNES SUMMED IT UP WHEN HE TOLD AMBASSADOR
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THAT "US SHOULD UNDERSTAND THAT THIS IS AN IMPORTANT TURNING

POINT IN DEMOCRATIC EVOLUTION OF PORTUGAL." EMBASSY AGREES WITH ASSESSMENT OF BOTH ANTUNES AND SOARES THAT NEW GOVERNMENT IS WORTHY OF IMMEDIATE AND SUBSTANTIAL US SUPPORT.

1. THE NEW GOVERNMENT SWORN IN LAST NIGHT MARKS A MAJOR BREAK WITH THE ACCELERATING SLIDE TO THE LEFT OF THE PREVIOUS GONCALVES REGIME. NOT ONLY IS THE CABINET DOMINATED BY THE DEMOCRATIC PARTIES AND ANTI-COMMUNIST MILITARY BUT ALL INDICATIONS ARE THAT THE SUB-CABINET POSITIONS WILL BE OVERWHELMINGLY IN THE HANDS OF THE SOCIALISTS AND THE PPD, WITH THE PPD FILLING EXTRA SLOTS TO COMPENSATE FOR THE THIRD MINISTERIAL PORTFOLIO IT DID NOT GET. OUR LATEST INFORMATION HAS BREAKDOWN OF SECRETARIES OF STATE AS PS (12), PPD (11), INDEPENDENTS (4), PCP (4), MILITARY (2), AND PPM (1).

2. SPEECHES BY PRESIDENT AND PRIME MINISTER: BOTH THE PRESIDENT AND THE PRIME MINISTER IN THEIR SHORT SPEECHES AT THE SWEARING IN CEREMONIES LAID GREAT STRESS ON THE NEED FOR AUTHORITY, SOCIAL STABILITY, PEACE, SECURITY AND ORDER. AZEVEDO CALLED FOR A PLURALISTIC SOCIETY WITH PARTICIPATION EVEN BY THE "CAPITALIST" PARTIES AND GAVE SPECIAL EMPHASIS TO THE NEED FOR "COHESION AND DISCIPLINE IN THE ARMED FORCES".

3. PARTY REACTION: GROUP OF YOUNG SOCIALIST AND PPD LEADERS WHO WATCHED SWEARING-IN AT POLITICAL COUNSELOR'S HOUSE WERE JUBILANT ABOUT NEW CABINET. PCP STATEMENT ON THE NEW GOVERNMENT IS SULLEN AND DEFENSIVE. CUNHAL SAID THAT PPD PARTICIPATION IN THE NEW GOVERNMENT IS AN ERROR BECAUSE THE PPD IN MANY RESPECTS "EMBODIES REACTION". IT IS NOT CLEAR YET THAT PCP HAS MADE A DECISION ON HOW TO HANDLE ITS RELATIONS WITH NEW GOVERNMENT. OUTRIGHT OPPOSITION IS POSSIBLE DESPITE THE PRESENCE OF PCP MEMBERS IN THE GOVERNMENT, BUT THIS WOULD ENTAIL A BREAK WITH THE POLICY OF TOTAL IDENTIFICATION WITH THE ARMED FORCES MOVEMENT (AFM) THAT THE PCP HAS BEEN FOLLOWING SINCE THE REVOLUTION. WE CONSIDER IT LIKELY THAT CUNHAL IS ON THE DEFENSIVE WITHIN THE PARTY, BUT UNLIKELY THAT HE WILL BE PUSHED OUT OF THE LEADERSHIP IN THE NEAR FUTURE. ALTHOUGH THE SOCIALISTS AND PPD FEAR THE POSSIBILITY OF AN ARMED POWER PLAY BY THE COMMUNISTS, WE CONSIDER IT DOUBTFUL THAT PCP WOULD ENGAGE IN SUCH A SUICIDAL

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ADVENTURE. MOST LIKELY PCP TACTIC IS TO GIVE LIP SERVICE TO NEW GOVERNMENT AND AFM IN PUBLIC AND DO EVERYTHING IT CAN IN BUREAUCRACY, UNIONS, BARRACKS, AND AGRARIAN REFORM PROGRAM TO QUIETLY SABOTAGE THE NEW ADMINISTRATION.

4. FAR LEFT HAS ALREADY COME OUT STRONGLY AGAINST AZEVEDO GOVERNMENT. WITH WITHDRAWAL OF EX-MES CANDIDATES, NON-PCP RADICAL LEFT WILL FEEL FREE TO GO INTO FULL OPPOSITION.

BECAUSE OF THEIR STRONG (ESPECIALLY MRPP) INFLUENCE WITHIN THE UNIONS, THE FAR LEFT OPPOSITION CAN BE MORE SIGNIFICANT THAN THE TINY SIZE OF THESE GROUPS WOULD INDICATE. MOST WORRISOME OF ALL IS THE POSSIBILITY THAT THE NUMEROUS ARMED GROUPLETS OF THE EXTREME LEFT AND VARIOUS "LIBERATION FRONTS", BOTH FOREIGN AND DOMESTIC, BASED IN LISBON WILL END THEIR DE FACTO CEASE FIRE SINCE APRIL 25, 1974 AND SWING INTO TERRORIST ACTION.

5. OUTLOOK FOR THE AZEVEDO GOVERNMENT: ON THIS FIRST DAY OF THE NEW GOVERNMENT, THE OUTLOOK IN IMPORTANT PROBLEM AREAS FOLLOWS:

6. LEADERSHIP: CALLED AN INTELLECTUAL LIGHTWEIGHT AND REFERRED TO AS "PINHEAD" BY THE LISBON ELITES, AZEVEDO HAS PICKED UP A NEW IMAGE IN THE PROCESS OF FORMING THE NEW GOVERNMENT. HIS REFUSAL TO GIVE IN TO COMMUNIST DEMANDS HAS WON HIM THE GRUDGING RESPECT OF MARIO SOARES, WHO STARTED WITH A VERY LOW OPINION OF THE NEW PRIME MINISTER. ANTUNES TOLD THE AMBASSADOR LAST NIGHT THAT HE HAD BEEN SURPRISED AND PLEASED WITH AZEVEDO'S ACTIONS. AZEVEDO'S SPEECHES ON TV HAVE GIVEN HIM THE APPEARANCE OF STRONG, DIGNIFIED, AND WELL ORGANIZED LEADER, IN SHARP CONTRAST TO THE ARM WAVING RAMBLINGS OF HIS PREDECESSOR. IN SUM, THE DEMOCRATIC ELEMENTS HERE FEEL CONSIDERABLY MORE ENCOURAGED ABOUT THE PM'S LEADERSHIP THAN THEY DID WHEN IT SEEMED THAT A LACKLUSTER PRESIDENTIAL CRONY HAD BEEN SELECTED FOR THE JOB OF CARRYING THE GOVERNMENT THROUGH TO FEBRUARY ELECTIONS.

7. FOREIGN AFFAIRS: IN HIS ACTIONS AS FOREIGN MINISTER IN THE FOURTH PROVISIONAL GOVERNMENT ANTUNES, WHO EARLIER ON SEEMED TO BE ENGAGED IN A SERIOUS FLIRTATION WITH THE THIRD WORLD, MADE CLEAR HIS ALIGNMENT WITH EUROPE. A KEY ELEMENT IN THE ANTUNES DOCUMENT WAS THE CALL FOR PORTUGAL TO

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FOCUS ON THE EC AND EFTA FOR ITS ECONOMIC FUTURE. YESTERDAY, IN CONVERSATION WITH THE AMBASSADOR HE SHOWED HIMSELF CONSIDERABLY MORE SYMPATHETIC TO OUR POSITION ON ANGOLA THAN THE PRESIDENT (SEPTEL). HE WAS ALSO INDIRECTLY CRITICAL OF SOVIET INTERVENTION IN PORTUGAL IN ANOTHER MEETING TODAY. THE SOCIALISTS, WHOSE LEADERSHIP STRONGLY SUPPORTS CLOSE RELATIONS WITH THE SOCIAL DEMOCRATS OF EUROPE HAVE FULL CONFIDENCE IN ANTUNES' WESTERN ORIENTATION. JORGE CAMPINOS, A SOCIALIST WHO SERVED AS SECRETARY OF STATE UNDER ANTUNES IN A PREVIOUS GOVERNMENT HAS BEEN PUT INTO THE EXTERNAL COMMERCE PORTFOLIO FOR THE SPECIFIC TASK OF

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 4332

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FOMENTING ECONOMIC RELATIONS WITH EUROPE. CAMPINOS IS AN OUTSPOKEN EUROPEAN. EVEN IN THE WORST DAYS OF GONCALVES, HE DID NOT HESITATE TO COME OUT IN PRINT IN FAVOR OF NATO. AZEVEDO ON HIS RETURN FROM A NATO VISIT IN JUNE MADE THE MOST FAVORABLE REMARKS ABOUT NATO THAT HAVE BEEN MADE BY ANY LEADER IN PORTUGAL SINCE THE REVOLUTION.

8. ECONOMY: THE INDIVIDUALS WHO WILL SERVE IN PRIME MINISTER'S OFFICE TO CARRY OUT HIS PORTFOLIO AS MINISTER FOR ECONOMY AND PLANNING HAVE NOT BEEN NAMED. HOWEVER, THE REST OF THE GOVERNMENT'S ECONOMIC TEAM IS TOTALLY DOMINATED BY PS, PPD, AND INDEPENDENTS WHO ARE DETERMINED TO CARRY OUT A MORE REALISTIC AND PRAGMATIC PROGRAM AND DUMP THE DISASTROUS LEFT WING
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ROMANTIC ECONOMICS OF GONCALVES: THIS WILL NOT MEAN AN UNWINDING OF THE NATIONALIZATION OR AGRARIAN REFORM PROGRAMS, BUT IT SHOULD MEAN AN END TO RADICAL NEW INITIATIVES. THE AZEVEDO GOVERNMENT WILL ATTEMPT TO RATIONALIZE AND CONSOLIDATE THE MEASURES ALREADY TAKEN. WITHDRAWAL OF EX-MES CANDIDATES FROM NEW GOVERNMENT WILL MAKE THE ECONOMIC PROGRAM MORE COHERENT, LESS IDEOLOGICAL; AND INSURE A EUROPEAN FOCUS. HOWEVER, ECONOMIC PROBLEMS FACING THE GOVERNMENT ARE ENORMOUS. SOARES' POSITION IS THAT THIS GOVERNMENT WILL HAVE ITS HANDS FULL IN RESTORING SOME SEMBLANCE OF ECONOMIC AND POLITICAL STABILITY UNTIL ELECTIONS. ELECTIONS WILL BRING INTO OFFICE A SOCIALIST GOVERNMENT WITH A SOCIALIST PRIME MINISTER INVESTED WITH THE AUTHORITY AND LEGITIMACY THAT WILL ENABLE HIM TO TAKE THE ESSENTIAL MEASURES FOR LONG-TERM ECONOMIC RECOVERY. EX-MES MEMBER CRAVINHO, IN EXPLAINING WHY HE REFUSED TO JOIN THE GOVERNMENT ASTUTELY POINTED OUT THAT MANY IN THE NEW GOVERNMENT HAVE ILLUSIONS ABOUT EC ASSISTANCE, WHICH IS SLOW, HARD TO NEGOTIATE, AND TAKES A LONG TIME TO HAVE AN EFFECT ON THE ECONOMY. APPOINTMENTS OF CAMPINOS, JACINTO LOPES TO CENTRAL BANK, AND RESPECTED PS ECONOMISTS TO SECRETARY OF STATE POSITIONS IN ECONOMIC AREA MEANS THAT GOVERNMENT WILL AT LEAST BE ABLE TO MAKE INTELLIGENT AND REALISTIC ATTEMPT AT DEALING WITH ECONOMIC PROBLEMS.

9. ELECTIONS: SOARES SAYS HE HAS COMMITMENT FROM PRESIDENT FOR LOCAL, NATIONAL ASSEMBLY, AND PRESIDENTIAL ELECTIONS EARLY NEXT YEAR. APPOINTMENT OF ALMEIDA E COSTA AS INTERIOR MINISTER IS GOOD SIGN. ALMEIDA E COSTA WAS IN CHARGE OF TECHNICAL SECRETARIAT IN INTERIOR MINISTRY THAT PREPARED THE WELL RUN APRIL ELECTIONS FOR THE CONSTITUENT ASSEMBLY.

10. MEDIA: NEW INFORMATION MINISTER ALMEIDA SANTOS IS NOT A PARTY MEMBER, BUT OUR CONTACTS WITH HIM WOULD INDICATE HE IS PROBABLY CLOSE TO THE CONSERVATIVE WING OF THE SOCIALIST PARTY. WITH GOOD REVOLUTIONARY CREDENTIALS FROM HIS ASSOCIATIONS WITH FRELIMO IN PRE-APRIL 25 DAYS, HE HAS BEEN VERY FRIENDLY AND FORTHCOMING WITH THIS EMBASSY AND HAS A STRONG PRO-WEST ORIENTATION. OUR GUESS IS THAT HE IS CAPABLE OF DIFFICULT TASK OF CLEANING UP THE COMMUNIST-DOMINATED PRESS, RADIO, AND TELEVISION.

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11. RESTORATION OF AUTHORITY IN MILITARY: A KEY TO THE SUCCESS OF THE NEW GOVERNMENT WILL BE ITS ABILITY TO GET CONTROL OF A MILITARY THAT HAS LOST DISCIPLINE AND AUTHORITY AT ALL LEVELS. HARD DECISIONS WILL HAVE TO BE ENFORCED AND WILL REQUIRE BACKING OF THE MILITARY. AZEVEDO, IF HIS SPEECH IS AN INDICATION, WILL PUSH FOR A RESTORATION OF DISCIPLINE.

THE FACT THAT THE REVOLUTIONARY COUNCIL IS CLEARLY IN THE HANDS OF DEMOCRATICALLY-ORIENTED OFFICERS, WHO ARE CLOSELY ASSOCIATED WITH THE NEW GOVERNMENT WILL ASSIST THE CABINET AND WILL PROBABLY END THE CONFUSION AND DIVISION THAT EXISTED WITHIN THE RC AND BETWEEN THE GOVERNMENT AND THE RC IN PREVIOUS REGIMES. ANOTHER ENCOURAGING SIGN IS REPORT TODAY THAT MEMBERS OF RC WILL NOT BE PERMITTED TO HAVE OUTSIDE EXECUTIVE MILITARY FUNCTIONS; EXCEPT OF COURSE THE CHIEFS OF STAFF. THIS SEEMS DESIGNED TO GET COMMUNIST SYMPATHIZER CONTREIRAS OUT AS HEAD OF THE CIVILIAN INTELLIGENCE SERVICE (SDCI). RC ALSO DECIDED TO REACTIVATE THE J-2 (INTELLIGENCE) OF THE ARMED FORCES STAFF, THAT, BECAUSE OF ITS WESTERN ORIENTATION, HAD BEEN DISMANTLED AFTER THE MARCH 11 COUP ATTEMPT. THIS DECISION MAY MEAN THE END OF SDCI. RC WILL CONTINUE WITH CLEANING UP OF THE BLATANTLY PRO-COMMUNIST J-5 (PROPAGANDA AND DYNAMIZATION) AND PUT IT DIRECTLY UNDER THE ARMED FORCES CHIEF OF STAFF.

12. LABOR: SIGNS ARE ENCOURAGING THAT A MAJOR BREAKTHROUGH MAY BE POSSIBLE IN LABOR MINISTRY. THE NEWLY APPOINTED LABOR MINISTER, THOMAS ROSA, HAS PRIVATELY TOLD US OF HIS INTENTION TO RID THE MINISTRY OF THE COMMUNISTS WHO NOW HOLD KEY POSITIONS. WHILE THE MINISTER CONCEDES THAT HE WILL HAVE TO MOVE CAREFULLY OVER A PERIOD OF TIME TO ACCOMPLISH HIS OBJECTIVE, HE HAS ALREADY DEMONSTRATED CONSIDERABLE POLITICAL ACUMEN. ROSA'S POLITICAL PHILOSOPHY IS DEFINED IN THE MODERATE ORIGINAL PROGRAM OF THE ARMED FORCES MOVEMENT. ROSA WAS ONE OF ONLY THREE AIR FORCE OFFICERS TO SIGN THE ANTUNES DOCUMENT. THE NEW MINISTER IS AN OLD FRIEND AND RELIABLE SOURCE OF THE LABOR ATTACHE, WHO ARRANGED A LEADER GRANT TO US FOR HIM IN MARCH OF THIS YEAR.

13. NEW INITIATIVES MAY ALSO BE POSSIBLE WITH ORGANIZED LABOR. THE SOCIALISTS, WHO UNTIL NOW HAVE BEEN CAREFUL TO KEEP DISTANCE BETWEEN THEMSELVES AND OPEN INVOLVEMENT WITH U.S. LABOR, ARE ANXIOUS TO SEND A DELEGATION TO THE AFL-CIO CONVENTION (SEPTEL). THERE IS RENEWED INTEREST IN SENDING

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TRADE UNION LEADER GRANTEES, SOMETHING WHICH NON-COMMUNIST LABOR GROUPS COULD NOT HAVE CONSIDERED TWO MONTHS AGO WITHOUT HAVING BEEN LABELED "IMPERALIST LACKEYS".

14. MELO ANTUNES SUMMED IT UP WELL WHEN HE TOLD AMBASSADOR LAST NIGHT THAT "US SHOULD UNDERSTAND THAT THIS IS AN IMPORTANT TURNING POINT IN DEMOCRATIC EVOLUTION OF PORTUGAL." EMBASSY AGREES WITH ASSESSMENT OF BOTH MELO ANTUNES AND SOARES THAT AZEVEDO GOVERNMENT IS WORTHY OF IMMEDIATE AND SUBSTANTIAL US SUPPORT.
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